

Message Text

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E.O. 11652: N/A
TAGS: BEXP, TU
SUBJECT: FEBRUARY 79 CONSTRUCTION EQUIPMENT SPECIALIZED
TRADE MISSION

REF: A) STATE 110484, B) 76 ANKARA A-53, C) 77 ANKARA A-76

1. BEFORE RESPONDING IN DETAIL TO REQUEST FOR DATA
FOR USE IN PLANNING SUBJECT MISSION WE WOULD LIKE TO
MAKE CLEAR BASIS ON WHICH WE CONTINUE TO RECOMMEND
VISIT OF MISSION TO TURKEY. PARTICIPANTS SHOULD
UNDERSTAND THAT BECAUSE OF CURRENT TURKISH BALANCE OF
PAYMENTS PROBLEM, WHICH IS LIKELY TO PERSIST, THEY
SHOULD NOT EXPECT PROSPECTS FOR IMMEDIATE SALES TO BE
GOOD. THEIR OBJECTIVES SHOULD RATHER BE TO ACQUAINT
THEMSELVES WITH POTENTIAL MARKET HERE AND TO INTRODUCE
THEIR PRODUCTS TO TURKISH END-USERS. FINANCING IS,
OF COURSE, OF PARTICULAR IMPORTANCE IN MARKETING THIS
TYPE OF EQUIPMENT BUT IS OF EXTREMELY UNCERTAIN
AVAILABILITY IN TIME-FRAME PERTINENT TO THIS MISSION.
BOTH WORLD BANK AND EXIM, FOR EXAMPLE, VIRTUALLY
SUSPENDED NEW COMMITMENTS TO TURKEY IN RECENT MONTHS
UNTIL TURKISH ECONOMIC SITUATION IS CLOSER TO
STABILIZATION. ANY MISSION PARTICIPANTS WHO REQUIRE
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IMMEDIATE SALES AS A CONDITION FOR JOINING MISSION
SHOULD THEREFORE BE DISCOURAGED FROM DOING SO. HOWEVER,
CONSTRUCTION EQUIPMENT REMAINS ONE OF BEST LONG-TERM
PROSPECTS IN TURKEY, IN OUR VIEW, AND SUPPLIERS WHO ARE
IN A POSITION TO AWAIT MORE FAVORABLE FINANCIAL CLIMATE
SHOULD FIND THIS MISSION A USEFUL VEHICLE.

2. FOLLOWING ARE OUR RESPONSES AS FAR AS INFORMATION IS AVAILABLE TO SPECIFIC QUESTIONS REF A.

(A) MISSION SHOULD VISIT ISTANBUL FOR ONE DAY FOR PRIVATE SECTOR CONTACTS AND ANKARA TWO DAYS FOR MEETINGS WITH GOVERNMENT AGENCIES.

(B) PRODUCTS THAT SHOULD BE FEATURED ARE GRADERS, TRACTORS, LOADERS, DOZERS, SCRAPERS, TRUCK TRACTORS, EXCAVATORS, TRENCHERS, DUMP TRUCKS, OFF-HIGHWAY TRUCKS, TOW TRUCKS, TRAILERS, COMPRESSORS, LARGE CAPACITY CRUSHERS, CRANES, DRILLS, TRUCK MOUNTED EARTH BORING EQUIPMENT, SPREADERS AND ASPHALT PLANTS.

(C) IN 1975 TURKISH IMPORTS OF CONSTRUCTION AND MINING EQUIPMENT TOTALED \$165 MILLION. \$61 MILLION OF THIS WAS U.S. ORIGIN. IN 1976 IMPORTS WERE \$204 MILLION, \$72 MILLION OF WHICH WAS FROM U.S. WE ESTIMATE ABOUT 70 PERCENT OF THESE IMPORTS WERE CONSTRUCTION EQUIPMENT ONLY, AS OPPOSED TO MINING EQUIPMENT. HOWEVER, BECAUSE OF DETIORATION IN PAYMENTS POSITION IN 1977 AND 1978, IMPORTS HAVE DECLINED CONSIDERABLY.

(D) MAJOR FOREIGN COMPETITION IS FROM JAPAN (KOMATSU, MITSUBISHI), GERMANY (HANOMAG, FRISCH, VOEGLE, WIBOOU, ABG), ITALY (FIAT-ALLIS, MARINI), FRANCE (RICHER, ALBERET), ENGLAND (PARKET, BLOXKNOX), AND SWEDEN (ATLAS COPCO).

(E) TO OUR KNOWLEDGE THERE ARE NO RECENT OR PENDING PROMOTIONAL EVENTS THAT MIGHT CONFLICT WITH MISSION TIMING.
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(F) BECAUSE OF CURRENT ECONOMIC AND FINANCIAL PROBLEMS TURKEY'S CURRENT INVESTMENT PROGRAM DOES NOT INCLUDE LARGE NUMBER OF NEW PROJECTS. THE EMPHASIS IS RATHER ON COMPLETION OF PROJECTS UNDERWAY, MANY OF WHICH HAVE BEEN DELAYED. A NEW FIVE YEAR PLAN IS IN PREPARATION AND SUBSTANCE SHOULD BE AVAILABLE IN NEXT FEW WEEKS. THIS WILL BE SUBJECT OF EMBASSY REPORTING AND PARTICULAR EMPHASIS WILL BE PLACED ON EXPORT OPPORTUNITIES IN MISSION'S FIELD.

(G) AS INDICATED IN PARA (1) IT IS UNCERTAIN WHETHER OR NOT WORLD BANK AND EXIM FINANCING WILL BE AVAILABLE AT TIME OF MISSION VISIT. AMONG PROPOSED PROJECTS IN WHICH WORLD BANK IS REPORTED TO BE INTERESTED IS A TURKISH HIGHWAY PROJECT INVOLVING A ROAD NET WORK OF ABOUT 3,600 KMS. THIS IS PROJECTED TO BEGIN IN 1980 AND TO BE COMPLETED IN 1995. IT REMAINS TO BE SEEN, HOWEVER, IF FINANCING FOR A PROJECT OF SUCH MAGNITUDE WILL IN FACT BECOME AVAILABLE ON SCHEDULE.

(H) MOST MAJOR AMERICAN CONSTRUCTION EQUIPMENT MANUFACTURERS ARE REPRESENTED IN TURKEY ALTHOUGH NONE HAVE BRANCH OFFICES HERE. CATERPILLAR, FOR EXAMPLE, IS EXTENSIVELY REPRESENTED BY LARGE TURKISH FIRM

CUKUROVA WHICH ASSEMBLES SOME EQUIPMENT UNDER LICENSE.
WE UNDERSTAND TURKEY IS CATERPILLAR'S SECOND LARGEST
OVERSEAS MARKET.

3. MISSION PLANNERS MAY ALSO WISH TO CONSULT REF B,
A MARKET PROFILE STUDY ON MINING AND MINING RELATED
EQUIPMENT, MOST OF WHICH REMAINS CURRENT. WE HAVE ALSO
COMMENTED IN DETAIL ON CONSTRUCTION EQUIPMENT IN OUR LAST
BEST PROSPECTS REPORT (REF C).

4. WITH REGARD TO ADMINISTRATIVE DATA THE FOLLOWING
INFORMATION IS PROVIDED:

(A) VISAS ARE NOT REQUIRED FOR STAY OF LESS THAN
30 DAYS.

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(B) FIRST CLASS, CONVENIENTLY LOCATED HOTEL
ACCOMMODATIONS ARE AVAILABLE. CURRENT PRICES ARE SINGLE
\$30-35, DOUBLE \$45, SUITE UP TO \$100.

(C) TURKISH IS OF COURSE LOCAL LANGUAGE ALTHOUGH
ENGLISH IS WIDELY SPOKEN AND UNDERSTOOD IN BUSINESS AND
GOVERNMENT CIRCLES.

(D) INTERPRETER/TRANSLATOR SERVICES CAN EASILY
BE ARRANGED AND PRINTING AND TRANSLATION OF ANY LITERATURE
REQUIRED CAN BE LOCALLY CONTRACTED.

(E) LOCAL PHOTOGRAPHER CAN BE ENGAGED AT ESTIMATED
COST OF \$150 FOR SERVICES DESCRIBED REF A.

(F) MISSION-SPONSORED RECEPTION CAN ALSO BE
ARRANGED WITH APPROPRIATE VENUE.

(G) EMBASSY CAN ARRANGE FOR SECRETARY/RECEPTIONIST
FOR MISSION BIC. TELEGRAPHIC SERVICES ARE AVAILABLE
THROUGH LOCAL PTT. EMBASSY HAS NO TELEX FACILITIES.
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